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Full Length Research Paper

Effects of ““susu”” - a traditional micro-finance mechanism on organized and unorganized micro and small enterprises (MSEs) in Ghana

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This paper seeks to examine the effects of ““susu”” as a micro-finance mechanism on organized and unorganized MSEs in Ghana. It is a comparative analysis of how ““susu”” contributes to the development of organized and unorganized MSEs in Ghana. In doing this, the paper draws a sample from a group of organized and unorganized MSEs and assesses changes in total turnover on investment and number of people employed after five years of involvement in any ““susu”” system. Analysis of paired observation tests of the results reveals that ““susu”” as a micro-finance mechanism favours development of unorganized MSEs but not Organized MSEs. The paper recommends that for ““susu”” to effectively support sustainable development of Organized MSEs, other economic and operational factors must be put in place.

Key words: Organized MSEs, unorganized MSEs, ““susu””, micro-finance.

INTRODUCTION

In Ghana, only 5 - 6% of the population is reported to have access to formal banking facilities (Basu et al., 2004). Micro and Small Enterprises (MSEs) are com-monly believed to have very limited access to deposits, credit facilities and other financial support services pro-vided by Formal Financial Institutions (FFIs). This is because, on one hand, these MSEs cannot provide the necessary collateral security demanded by these formal institutions and on the other hand, the banks find it difficult to recover the high cost involved in dealing with small firms. In addition to this, the associated risks invol-ved in lending to MSEs make it unattractive to the banks to deal with micro and small enterprises (World Bank, 1994). Statistically, small enterprises are reported to have high failure rates making it difficult for lenders to assess accurately the viability of small enterprises, the abilities of the entrepreneur, and the likelihood of repayment. As a result of the high failure rates of Micro and Small Enter-prises, it has been suggested that there seem to be no evidence that MSEs alleviate poverty or decrease income inequality. However, it has also been established that there is a strong association between the importance of SMEs and GDP per capita (Beck et al., 2004).

The lack of formal banking facilities underpins the development of MSEs to a very large extent. This has serious implications for a country like Ghana where the economy is largely characterized by Micro and Scale Enterprises (MSEs) (Basu et al., 2004). The frustrations of accessing credit facilities from formal systems compel

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Abbreviations and acronyms: ARB -Association of Rural Banks; BOG -Bank of Ghana; CBO -Community-Based Organization; CUA -Ghana Co-operative Credit Unions Association; CUs -Credit Un-ions; FFI - Formal Financial Institutions; GHAMFIN - Ghana Micro-finance Institutions Network; GCSCA -Ghana Co-operative “susu” Collectors Association; GEDC-Ghana Enterprise Development Commission; GNI- Gross National Income; IDA -International Deve-lopment Association; IFIs-Informal Financial Institutions; IMF- Inter-national Monetary Fund; LSEs- Large Scale Enterprises; MFIs – Microfinance Institutions; MSEs -Micro and Small Enterprises; NBFIs -Non-bank Financial Institutions; NBSSI -National Board for Small-Scale Industries; NGOs -Non-governmental organizations; RBs -Rural Banks; RCBs - Rural and Community Banks; RMF– Rural Micro Finance; RMFI -Rural and Micro Finance Institutions; S&L - Savings and Loans Company; SMEs - Small and Medium-scale Enterprises; TTOI- Total Turnover on Investment; UNDP – United Nations Development Program; UNIDO -United Nations De-velopment Organization WWBG -Women’s World Banking Ghana the poor and informal business enterprises to resort to different non-banking and informal arrangements to access funds for their operations. Informal Financial Institutions operating outside the scope of banking laws and regulations in Ghana include moneylenders, rotating savings and credit associations (ROSCA), and savings collectors. These informal financial systems commonly assist MSEs particularly, market traders, house wives and artisans to accumulate funds through daily or weekly deposits that are returned at the end of a specified period minus a small fee (World Bank, 1994). These arrangements are based on the ““susu”” system. The ““susu”” system requires no collateral and operates on a predetermined interest rate averaging 3.33% - 10% depending on the type.

““susu”” is one of Africa’s most ancient traditional banking systems which have over the years been the mode of fund mobilization for initiation, sustenance and in some cases development of MSE businesses, particularly micro enterprises. ““susu”” is an informal financial identification for daily or weekly deposit collection on the West African markets. ““susu”” can be described as a form of banking because it is a system of trading in money, which involves regular and periodic collection of fixed amount of deposits that are made available to the owners after a specified period of time or when required or to borrowers within the scheme at a fee. Though ““susu”” does not require collateral it relies on a guarantee system to reduce risks associated with ‘clean lending’. In Ghana today, ““susu”” can be classified into three key categories. These are “susu” Clubs and “susu” Associations, Mobile Collectors, and Cooperatives. The mobile collectors offer a savings vehicle by collecting daily amounts voluntarily saved by their clients, which they return at the end of the month minus one day’s amount as commission which translates to 3.33%.

The “susu” Associations are of two kinds depending on the method of operation. A “susu” Association can based on either the “Rotating or Accumulating method”. The Rotating Savings and Credits Associations (ROSCAs) collect savings from their members and allocate them to each member in turn, while the accumulating allows regular contributions to be accumulated to act as a back up for business or insurance for special events like funerals, etc. The “susu” Clubs combine the first two concepts, operated by a single agent where members commit to save a pre-defined amount over a medium term (50 to 100 week cycle) and pay commissions on each payment and fees when they are advanced the targeted amount before the end of the cycle. Here the commission translates to about 10% of interest being the cost of capital (Basu et al., 2004). The “susu” cooperative embodies the application of the “susu” scheme by Credit Unions and Cooperatives.

This system has remained the purview of traditional groups and individuals for a long time and constitutes the crust of the informal micro-finance system in Ghana. The ““susu”” system currently thrives on self regulation by operators. However, due to its perceived contributions to the development and sustenance of MSEs, and its capacity to mop excess liquidity through its savings mobilizetion methods, ““susu”” is now being recognized and incurporated into some formal financial institutions as a deposit - loan system using ““susu”” collectors and operators (Basu et al., 2004; Mwanakatwe, 2005). The “susu” scheme has also become a basis for a number of microfinance systems including rural banking and the Credit Union schemes, all with the key objective of supporting informal businesses. “Susu” is reported to be a major source of finance for most micro and small scale businesses (World Bank, 1994). “fSusu” by characteristic is a product tailored for the informal business sector predominantly micro and small enterprises. The question however is how “susu” affects the development of Organized and Un-Organized MSEs in Ghana.

This paper attempts to ascertain the effects of “susu” on MSE development and compares development of “susu” dependent Organized and Un-organized MSEs after five years of operating with any “susu” scheme.

The paper is organized as follows; it gives an overview of “susu” as a source of Fund mobilization in Africa, examines the characteristics of the “susu” scheme, the development of MSEs in Ghana and places, “susu” in the context of the Capital and Investment theories. The paper further gives an account of the methodology, instruments and assumptions of the study and finally presents, discusses the findings and concludes the study.

“Susu” as a source of fund mobilization methodology in Africa

The word “susu” in Ghana is believed by some indigenous Ghanaians to be ‘Ga,’ a Ghanaian language, though some are of the view that it may be Akan another local Ghanaian Language. The system is reported to have originated from Yoruba, Nigeria where the ‘Gas’, a Ghanaian southern tribe is believed to have migrated from. “This Institution is ancient, dating back at least to the 16th century, when Yoruba slaves carried it to the Caribbean, as part of their institutional luggage or social capital. Both the term “Esusu” and the practice have persisted to this day, as “Esu” in the Bahamas, “susu” in Tobago or Sou in Trinidad” (Seibel, 2001). The Institution exists all over West Africa as well as in many other parts of the world, where it is an integral part of the local microfinance and referred to with its own vernacular term. “susu” in Ghana, “Esusu” among the Yoruba of Nigeria, Nago in Ivory Coast, Yesyes in Southern Togo, and Jojuma among the Kotokoli in Central Togo (ibid). With the expansion of the money economy, these informal financial institutions (IFIs) have not lost their vigour. Quite to the contrary, they have multiplied, both in numbers and diversity (Mwanakatwe 2005). The "susu" system seems to have proven to be a dependable and cost effective mechanism of emphasizing state participation and encouragement of the domestic indigenous sector.

"Susu" and MSEs in Ghana

In the absence of bank facilities and other formal sources, "susu" has been a major source of fund mobilization for many MSEs in Ghana (World Bank, 1994). "susu" is believed to have contributed largely to micro enterprise and small scale businesses, guaranteeing the depositors of "susu" companies' loan advances for their clients after some period of regular deposits normally six months. "Susu" has evolved over the years in Ghana. A major component of finance for urban poor entrepreneurs in Ghana, particularly apprentices and artisans has been the daily or weekly contribution of fixed amounts through "susu". These savings are accessed after a period of time for purchasing tools and equipment necessary for setting various artisans up in their vocational practices. Artisans who normally benefit from these include seamstresses, tailors, hairdressers, fitting mechanics, and carpenters among others. For many petty traders, market women, apprentices and artisans, "susu" is believed to have been a trusted, reliable and friendlier means of getting started and also for sustenance as well as growth of their businesses. "Susu" in some cases is believed to be the sole source of getting established for livelihood (World Bank, 1994). Barclays Ghana calls it the "Ghanaian Micro-finance" and describes it as an unconventional mobile initiative which extends micro-finance to the least affluent in Ghanaian society. Barclays further noted that a truly financially inclusive society can only be achieved by supporting existing, indigenous financial institutions that already provide financial services. This is contrary to the view that making informal micro-finance play such a modified role different from what it is used to may not be productive (Aryeetey, 2000). Barclays believes that though the contributions from these MSEs are too small for 'high street' banking, collectively it amounts to £75 million economy. Barclays is among the few banks that have adopted the "susu" concept as a micro-finance product. However, Aryeetey further indicated that making informal finance play a modified role quite different from the one it was used to, in terms of loan characteristics and uses, became apparent in the 1990s with the failures of the "susu" companies that emerged during the 1980s (Aryeetey, 2000). The financial sector reforms that started in 1987 posed challenges to the role of these poor enterprises as they got integrated into the Financial Sector Adjustment Programme (FINSAP). It was then obvious that while MSEs enjoyed considerable goodwill among informal lenders, the informal market conditions were generally not suited to the type of finance required by a large number of MSEs in Ghana (Aryeetey, 2000).

"Susu" in the context of capital and investment theory

By the mechanism of "susu", cost of capital is predetermined and not affected by market conditions as the theory of Loanable Funds by Fisher postulates (Fisher, 1906, 1907, 1930). Again with "susu", the cost of capital is also not purposefully reduced to enhance marginal efficiency of investment as required by the Neoclassical – Keynesian theory. Contrary to both the Neoclassical – Keynessian and Repressionist school, "susu" is based on the assumption that both the cost of capital and the availability of funds are crucial for capital accumulation and sustainable investment and that cost of capital should be appropriately and clearly defined. "Susu" therefore falls in line with the Neostructural theory which attacks the Repressionist theory by Mkinnon-Shaw for failing to recognize the negative effects of high interest rates of capital when responsive to market forces (Wijnbergen, 1983; Taylor, 1983; Kohsaka, 1984; Buffie, 1984). The Neostructural theory maintains that increasing interest rates would lead to a cost-push inflation and become counter productive. The Neostructural theory further contends that interest rates which are determined in the curb or informal market adjusts to equate the demand for and supply of money just as "susu" does (Ahiawodzi, 2007; Mkinnon-shaw, 1973). "Susu" also differs from the traditional money lending scheme in that with "susu", the interest rate are relatively lower and do not change with market forces push–pull supply demand effects, making "susu" purely Neostructural. Interest rates of "susu" are normally fixed at either 3.33% for mobile collectors or 10% for "susu" Clubs, Associations and Cooperatives as compared to 25 - 50% rate by traditional money lenders. The question again is "How does "susu" meet the requirements of Organized and Unorganized MSEs in Ghana in terms of developmental needs. The study sought to find some answers to these questions.

"Susu" and MSEs development in Ghana

Much of private sector activity in Ghana takes place informally or semi-informally (ISSER, 2006). A typical business operating in the informal sector in Ghana is noted to be either operating illegally, in that it will not be registered, or will not have title to land or access to other property rights that can be used as collateral, and will not have a bank account (Ayeetey, 1997). The dynamic role of Small and Medium Enterprises (SMEs) in developing countries as engines of growth has long been recognized (Kayanula and Quartey, 2000). This role therefore makes it imperative for MSEs to be adequately supported to grow. However, some have also suggested that while, a large SME sector is characteristic of successful economies, there do not seem to be adequate data to confidently support the conclusions that SMEs exert a causal impact on growth. Ironically, there is substantial evidence that, in many countries, poor private sector investment response in the medium-to-long term have delayed long term growth (Aryeetey, 1998). Contrary to this, some have suggested that MSEs make productive use of scarce resources, thus, facilitating long term economic growth (Kayanula and Quartey 2000).

Furthermore, it has been argued that there is no adequate data to confidently give credence to the fact that MSEs alleviate poverty or decrease income disparities. A "growing body of works also suggests that MSEs do not boost the quantity and quality of employment (Becks et al., 2004). On the contrary, the MSEs sector is believed to be labour intensive and to employ more labour per unit of capital than large enterprises. Specifically, earlier research in Ghana suggests that capital productivity[1] is often higher in SMEs than in the case with LSEs (Steel, 1977; Child, 1971). This is believed to "explain why MSEs are labour intensive with very small amount of capital invested and tend to witness high capital productivity" (Ibid.). However, some have argued that given the requisite capital investment, increases in employment created by SMEs are not always associated with increases in productivity and therefore the job creating impact of small scale enterprises is a statistical flaw (Biggs et al., 1988). In addition, MSEs in Africa are reported to have high failure rates (World Bank, 1994). It has been estimated that over 60% of MSEs in Ghana fail within five years (Boachie et al., 2005). Given the needed financial support, do MSEs ensure income stability, growth and employment in Ghana? This study therefore seeks to find out whether MSE financing through "susu" results in increased employment opportunities and increased productivity? And also to ascertain how "susu" affects development of Organized and Unorganized MSEs in Ghana?

Objective of the study

The objective of this paper is to compare the development of "susu" dependent Organized and Unorganized MSEs in Ghana over the period 2000 - 2005. The aim is to underscore how "susu" as a micro-finance mechanism affects the development of Organized and Unorganized MSEs in terms of number of people employed and Total Turn Over on investment after five years of involvement in any "susu" Scheme.

Operational definitions

Micro and small enterprises

The definition of MSEs in this study is founded on the classification of enterprises by the National Board for Small Scale Industries (NBSSI), The Ghana Enterprise Development Commission (GEDC), Ghana Statistical Survey, and UNIDOs definition for developing countries.

[1] Value added per unit of capital invested.

In this context, the definition for MSEs is based on the number of employees and Total Turnover on Investments (Kayanula and Quartey, 2000; Elaian, 1996; Steel and Webster, 1990; Osei et al., 1993). The definition takes into consideration some inherent weaknesses and arbitrariness in some of the definitions mentioned when they stand alone. By this classification, Micro-Enterprise employs less than 5 people with a total turnover of up to $10,000 equivalent, Small Enterprises employ 5 - 19 people with a total turn over of between $10,000 - $100,000 equivalent and Medium Enterprises employ 20 to 100 people with an annual turn over of above $100,000. Ekumah and Essel had also used a similar categorization in their 2003 IMF working paper. (Kayanula and Quartey, 2000; Ekumah and Essel, 2003).

Organized MSEs are defined as micro or small enterprises with paid employees and a registered office. Unorganized MSEs are also defined as micro and small businesses with regularly unpaid employees and no registered office. This second categories is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers. They rely mostly on family members or apprentices'. (Quartey, 2000; Liedholm and Mead, 1987; Osei et al., 1993; World Bank, 1992; Gray et al., 1997)

The operational definition for Total Turnover on Investment (TTOI) is the change between the present value of total revenue an enterprise generates from its investments in assets and the total revenue at the time of joining any "susu" scheme.

$$TTOI = \frac{T_5 - T_0}{A5 - A0}$$

Where:

T_0 is the average income at the point of joining any "susu" Scheme. T_5 is the average income after five years of joining any "susu" Scheme. A_0 is total investment at the point of joining any "susu" Scheme. A_5 is total investment after five years of joining any "susu" Scheme

METHODOLOGY

The methodology was based on a cross- sectional survey method with three (3) main components. These included reviews, contacts and field activities. The review was conducted through desk research of online resources, research papers, working documents, conference documents, and other publications. The contacts were made through one on one discussion and/or small group discussions by visiting offices and officials involved in the "susu" system. A self developed instrument was used for the field exercise. The study classified the "susu" system into three categories based on the classification by Basu et al. (2004) in an IMF working paper. These are "susu" Clubs and "susu" Associations, Mobile Collectors, and Cooperatives. The sample design was based on a multi-phase sampling approach which started with a contact of the Ghana Cooperative Susu Collectors Association (GCSCA) for their membership list. A purposive sample of each "susu" category was then drawn from the list based on judgment sampling. The sample frame for

Table 1. Analysis of changes in number of employees and total turn over of MSEs (Paired Observation Test).

Study variable	Number of respondents	Mean difference	Standard deviation	Standard error	Test statistics	Critical values
Changes in number of employees	97	2.247	2.031168218	0.2062332	10.897481	2.33
changes in total turnover	101	3,972,489.505	12866078.15	1280334.2	3.1026974	2.33

Source: Survey results

the "susu" operators was made up of: 5 "susu" clubs and associations; 10 mobile collectors and 5 "susu" cooperatives Lists of contributors (MSEs) that had contributed to "susu" for at least five years were compiled from the selected "susu" operators. The lists were first stratified into organized and unorganized MSEs and then the systematic sampling technique used to draw the test sample from the list of contributors (MSEs). A follow-up was then made to interact with Contributors using the self- developed questionnaire. Both the organized and unorganized MSEs were sampled from five communities in Accra, namely: East Legon, Kaneshie, Nungua, Madina and Abokobi representing urban affluent, peri-urban, urban poor and rural settings respectively.

Group 1 - Organized MSEs: MSEs with paid employees and a registered office

Group 2- Unorganized MSEs: Mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers. They rely mostly on family members or apprentices.

Study tools

The survey tool was semi structured and included questions covering number of years of involvement in any "susu" scheme, source of initial capital, total turnover on investments before and after joining any "susu" scheme[2], sources of the working capital, and number of employees before and after joining "susu" for at least five years and whether "susu" is the sole source of fund mobilization or savings. The tool also sought to ascertain how "susu" has contributed to the growth of their business based on number of employees and Total Turnover on Investment. (Refer to Appendix C)

Assumptions of the study

The study is based on the following assumptions:

i. That keeping cost of capital constant (that is with "susu" rates being fixed) and considering all other factors which may influence performance of MSEs to be sustained over the period under consideration, the study assumes that increases in number of employees together with increases in Total Turnover on Investment reflects growth of an MSE.

ii. That these parameters can be assessed quantitatively and accurately

iii. That because banks use these criteria to access credit worthiness of businesses these could form a sound basis for assessment of enterprise development.

Micro and small enterprises surveyed

A total of 101 MSEs were interviewed. These included forty one (41) organized and 60 unorganized MSEs mainly traders, service providers, artisans and vocational business operators.

The biggest challenge encountered in gathering and analyzing the data for this study was the lack of adequate book keeping records and knowledge of financial accountability by MSEs. Ascertaining increase in number of employees was however more reliable than the total turnover on investment. The study set out to measure the differences in annual turn over, but the difficulties encountered during the pre-testing of the study tool resulted in modifying the study indicator to total turn over on investment.

Analysis of data

The paired observation test was used to analyze the statistical significance of changes in number of employees and total turnover on investment after five years of involvement in any "susu" scheme for both the organized and unorganized MSEs.

Changes in number of employees and total turnover on investment

H_0: The change in number of employees and total turnover on investment after 5 years of "susu" contribution is not significantly different

H_1: The changes in both the number of employees and total turnover on investment after five years of "susu" is significantly different.

Composite analysis

From the paired observation test, the test statistic for changes in number of employees is 10.897 which is greater than the critical 2.33 hence we fail to accept the null hypothesis at 1% level of significance and the test statistic of total turnover, 3.102 is greater than the critical 2.33. Since the test statistics is greater the critical we fail to accept the H_0, which suggest that within the limits of all errors encountered there is enough evidence to suggest that the change in the Total Turnover on Investment of MSEs is significant. Therefore it can be suggested that there is a supportive relationship between the involvement in "susu" and MSE development in Ghana.

Analysis of differentials

From the paired observation test, the test statistic for changes in number of employees is 5.769 which is greater than the critical 2.33 hence we fail to accept the null hypothesis at 1% level of significance. For total turn over on investment the test statistic, 1.255 is less than the critical 2.33. Since the test statistics is less than the critical we fail to reject the H_0, which suggest that within the limits of all errors encountered, there is enough evidence to suggest that the change in the total return on investment of organized MSEs is not statistically significant after five years of involvement in any "susu" system. This could point to the fact that organized MSEs are likely

[2] Total turnover on investment is the working capital at the time of the survey.

Table 2. Analysis of changes in number of employees and total turnover of organized MSEs (Paired Observation Test).

Study variable	Number of respondents	Mean difference	Standard deviation	Standard error	Test statistics	Critical values
Changes in number of employees	40	1.688	1.654661061	0.2925032	5.7691687	2.33
changes in total turnover	41	1,223,301.389	5846297.564	974382.93	1.2554627	2.33

Source: Survey results

Table 3. Analysis of changes in number of employees and total turnover of unorganized MSES (Paired Observation Test)

Study variable	Number of respondents	Mean difference	Standard deviation	Standard error	Test statistics	Critical values
Changes in number of employees	60	2.523	2.151363611	0.2668524	9.4549550	2.33
changes in total turnover	60	5,495,116.769	15275869.45	1894728.5	2.9002133	2.33

Source: Survey results

to be employing more people than may be required. This together with other overhead cost may lead to higher operational cost resulting in the insignificant change in turnover within the period under consideration.

Unorganized MSEs

From the paired observation test statistic, 9.455 is greater than the critical 2.33 therefore we fail to accept the H_0, which suggest that within the limits of all errors encountered there is enough evidence to suggest that there is a significant difference in change in number of employees after five years of involvement in any “susu” system. From the paired observation test statistic, 2.900 is greater than the critical 2.33, therefore we fail to accept the H_0. This suggest that within the limits of all errors encountered in the study there is enough evidence to suggest that there is a significant difference in total turn over on investment though to a lesser extent in comparism to the change in number of employees after at least five years of involvement in any “susu” system,

RESULT AND DISCUSSION

Analysis of the results of the study suggests that, generally, “susu” as a micro-finance mechanism favours the development of unorganized than organized MSEs. This is because though the changes in both number of employees and total turnover on investment for the unorganized MSEs were statistically significant indicating growth of Unorganized MSEs, it was not the same in the case of the organized MSEs. In the case of the organized MSEs, analysis of data indicated that though there was a significant change in the number of people employed, the corresponding change in total turnover on investment was not significant. This raises a number of questions. Are Organized MSEs in Ghana employing more people than may be required? Could this factor contribute in any way to the reasons why most organized MSEs in Ghana are not able to sustain themselves leading to the high rate of collapse normally after five years? Or with some exceptions, could the general lack of significant changes in income of “susu” dependent organized MSEs observed, may be due to meeting of other over-head cost which by definition un-organized MSEs do not incur.

The analysis of data supports the view that even though the MSEs sector is labour intensive and employs more people per unit of capital than larger enterprises, the job creating impact can be said to be a statistical flaw because when these MSEs become organized where they begin to offer real employment opportunities they then dwindle and collapse. This study further suggests that with the minimum required capital investment as provided by “susu”, increases in employment created by MSEs may not often be associated with increases in productivity particularly for organized MSEs. The results therefore, pointed to the fact that organized MSEs that rely on “susu”, may actually be employing more than they actually require or in addition may not be making efficient use of scarce resources as is sometimes believed. It can also be argued that other overhead cost which is not incurred by unorganized MSEs accounts for the observed growth of Un-organized MSE with “susu” over the years.

In addition, though changes in both employees and total turn over on investment were significant for unorganized MSEs, in reality the job creating effects of MSEs in general can be said to be virtually less significant. This is because generally, unorganized MSEs rely on unpaid services from either family relations or apprentices. They therefore do not offer real employment to those that they engage aside the entrepreneurs’ themselves. Most of the unorganized MSEs do not pay fully for some of the factors of production, wages, rent and tax.

Labour productivity seems to be lower in organized MSEs than unorganized which support the theory of negative marginal returns. Organized MSEs no matter how small fill out the organizational chart with the required labour. As more and more labour is employed the return on investment dwindles. Though other research results suggests that capital productivity is higher in SMEs than in LSEs, the results of this study points to the fact that this is still not enough to sustain the growth of MSEs particularly organized MSEs and therefore impact significantly on the development of MSEs in general. This challenges earlier observations that capital productivity is higher in small enterprises than larger ones. Available data indicates that even though the private sector which is basically dominated by MSEs accounts for more than eighty percent of employment, it constitute only about forty percent of the Gross National Income (GNI) supporting the evidence of mismatch between increase in number of employees created by "susu" dependent organized MSEs and increases in total turnover on investment. Thus, owing to the fact that organized and not Un-organized MSEs are the true providers of employment, all things being equal, for the MSE sector to create more employment opportunities and lead to income stability and a more equitable distribution of income, other conditions should prevail. It was evident that though organized MSEs had access to capital through "susu", this was not enough for sustainable development of Organized MSEs. This points to the view that, though for un-organized MSEs, access to capital is key to their development, in the case of organized MSEs, in addition to access to capital, other key factors must be in place to ensure sustainability and development. These include basic business management skills, availability and access to other sources of capital, cost of capital, low inflation and favorable government policies.

Conclusions

The study concludes that "susu" generally contribute to the development of MSEs in Ghana. However, "susu" favours the development of unorganized MSEs more than organized MSEs. Though not conclusive enough, the study suggests that "susu" does not favour much the development of organized MSEs. Statistically, there seem to be enough evidence to suggest that MSEs that succeed with "susu" are the unorganized ones. MSEs that do not rely on heavy capital outlay are more likely to succeed with "susu" than those with heavy capital outlay.

"Susu" supported MSEs also did not seem to ensure income stability, growth and employment except to entrepreneurs of unorganized MSEs. However, "susu" did not seem to be associated with the development of organized MSEs, which offer real employment to all of it members not only the entrepreneurs. In the short run, "susu", contributes to increase in employment of organized MSEs but in the long run this gains in employment opportunities is not sustainable as result of some fixed overhead cost as well as increased labour cost. As un-organized MSEs grow and move to organized MSEs which require more people to be employed to certain fixed positions productivity reduces. This is because business growth at a point demands certain specialized labour which cannot be compromised. This increases cost of labour and dwindles return on investments for organized small businesses limiting the sustainability of most organized small businesses. The study therefore supports the view that the job creating impact of MSEs may be statistically defective. The study also deduced that in searching for answers to the perennial problem of sustainable financing MSEs, "susu" could be suitable for unorganized but not organized MSEs. However, "susu" could be a suitable option for both organized and un-organized MSEs if well recognized and regulated. The study also concludes that the developmental needs of organized MSEs go far beyond micro-finance.

APPENDIX I

Study Instrument
Name of Enterprise
Nature of Business
Organized b. Unorganized
How long have you been operating?
………………………………………………………………………………
How long since you joined the "susu" Scheme? ……………………….
What was you capital before joining "susu" ?
………………………………………………………………………………
What is your capital now?
………………………………………………………………………………
How many people did you employ before joining the "susu" Scheme
………………………………………………………………………………
How many people do now after "susu"?
How has "susu" been Helpful
……………………………………………………………………………...

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